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Report Highlights:

Canada must Go Further to Advance Trade in Agriculture Says CRFA * Grain Growers: "Don't Reject Harbinson" * Farmers to Receive Help from CWB on Commerce Survey
* Prolonged Cold Spell May Shorten Maple Syrup Season * Canada Commits C\$100 Million for Humanitarian Aid for People of Iraq * GM Food Label Standard must Continue to Develop Says Committee * Most Farmers Think Ottawa Controls CWB
* Canadian Canola Threatened by Flea Beetle * GM Wheat Did Not Contaminate Crops, Says Ag Canada
* Swede Midge Certification for Greenhouse Transplants Exported to the U.s. * CFIA Revises Directive on Import Regulations for Hay and Straw * British Columbia Ministry of Forests Introduces Comprehensive Forestry Revitalization Plan

...and MORE!

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ottawa [CA1], CA

This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives. Substantive issues and developments are generally also reported in detail in separate reports from this office.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA MUST GO FURTHER TO ADVANCE TRADE IN AGRICULTURE SAYS CRFA:

The revised World Trade Organization (WTO) modalities paper released on March 18 "is a good first step to addressing the need for trade liberalization," says Stephanie Jones, Canadian and Restaurant Foodservices Association (CRFA) vice president of food supply, in a March 21 news release. The CRFA would like to see the Harbinson draft and Canadian negotiators take a more proactive stance on agriculture trade reform. The CRFA has two key concerns with the current state of WTO agriculture negotiations: (1) The Harbinson report doesn't go far enough in its recommendations to lower tariffs and remove export and domestic subsidies, so that Canadian farmers can compete and prosper in a global economy; (2) The Canadian government steadfastly defends a flawed and detrimental trade policy. Its contradictory goals are to keep domestic dairy and poultry prices artificially high by protecting them from competition through triple-digit import tariffs, while seeking improved market access for other agriculture products. "Canada's short-sighted trade policy does little to advance the interests of Canada's agriculture sector and threatens the foodservice industry's long-term supply of domestic products," says Jones. "Canada should be using its negotiating chips to ensure real reform is achieved to benefit the 80% of Canadian agriculture that relies on export markets for their success, not to pursue additional protection for a small minority of supply-managed dairy and poultry producers."

GRAIN GROWERS: "DON'T REJECT HARBINSON": In a news release from the Grain Growers of Canada (GGC), Ken Bee, GGC president said that "It would be a grave error for the Canadian government to reject out of hand the latest proposal from the Chairman of the WTO Agriculture Negotiations, Stuart Harbinson." Bee was referring to some calls for Canada to walk away from the negotiating table by rejecting the latest Harbinson proposal, released on March 18, 2003. "Canadian grains and oilseed farmers need our negotiators to assertively pursue increased agriculture trade liberalization, and not scuttle the process by walking away," continued Bee. "The GGC sees positive elements in the text," noted Ken Bee, "However, the proposals are simply not aggressive enough." "Farmers who depend on world markets are expecting more out of these negotiations," continued Bee. "We encourage Canadian negotiators to push for the rapid elimination of export subsidies, deeper cuts to trade and production distorting domestic support programs, as well as increased market access for grains, oilseeds and their value added products."

PRAIRIE FARMERS TO RECEIVE HELP FROM CWB TO FILL OUT COMMERCE DEPARTMENT SURVEY: According to the March 25 edition of the *Western Producer*, 27 western Canadian farmers will have their account books examined as part of the anti-dumping investigation carried out by the U.S. Commerce Department against the Canadian Wheat Board (CWB). The survey will examine how much it cost Canadian farmers to produce hard red spring wheat in 2001/02. The results will be used in determining whether the board has been dumping wheat into the U.S. at less than market value. The farmers selected by the U.S. department will be contacted by the CWB to help them prepare for what lies ahead. They will have until April 21 to respond. The CWB has hired the accounting firm Meyers Norris Penny to assist farmers free of charge in filling out the detailed questionnaire they'll be receiving. The farmers were selected to represent different soil zones and different provinces. They must have delivered between 100 and 1,200 tonnes of hard red spring wheat to the board in 2001/02. Hartley Furtan, an agricultural economist at the University of Saskatchewan, says there's a good chance the CWB will be found guilty. "The fact it was a drought year could be a killer," he said, since fewer bushels were produced while costs remained the same, resulting in a higher cost of production. He said a crucial factor will be how fixed costs are applied to the cost of producing wheat, especially on farms that produce a variety of crops or livestock.

QUEBEC SUSPENDS CSRA: According to a March 25 article from *Farm Business Communications*, Quebec's provincial government has announced it will suspend the application of its farm revenue stabilization account program (Compte de stabilisation du revenu agricole, or CSRA) for the 2002 and 2003 crop years citing uncertainty and confusion caused by Ottawa's plans for farm revenue security programs nationwide. Quebec Ag Minister Maxime Arseneau says it's best to suspend the program while evaluating Ottawa's proposals. According to Arseneau, Ottawa proposes to install a national revenue security program and cut back completely on funding for companion programs, and it would be "irresponsible" for Quebec to continue CSRA without knowing the consequences of the federal plan. The province introduced CSRA in 2000 as a universal revenue protection program, which was to eventually include all farmers working outside supply-managed sectors. As it is, CSRA will be maintained during this suspension only for horticulture operators, beekeepers, and others not currently covered under ASRA (Assurance stabilisation du revenu agricole), the province's existing stabilization program. That group includes horticulture operators who up until now have kept their stabilization funds in NISA, but were eligible to sign onto CSRA in 2002.

PROLONGED COLD SPELL MAY SHORTEN MAPLE SYRUP SEASON: A very prolonged cold period delayed the start of the maple syrup season in the major producing regions in Quebec and Ontario. By the third week in

March only a few producers had boiled sap. In Ontario, sharply warmer weather followed and industry observers feared that conditions that were too warm for good sap flow. Initial speculation in Ontario is that the syrup season would be short and production lower. In Quebec, which produces 90% of Canada's maple syrup, the 2003 season also got off to a late start due to persistent cold temperatures. Generally, good conditions for syrup flow include below freezing temperatures at night and above freezing temperatures through the day without getting too warm. Last year Quebec produced 5.8 million imperial gallons (approx. 7.2 million gallons) of maple syrup making it the world's top producer.

CANADA COMMITS C\$100 MILLION FOR HUMANITARIAN AID FOR PEOPLE OF IRAQ: In a March 26 news release from the Canadian International Development Agency (CIDA), Susan Whelan, Minister for International Cooperation, announced that Canada has committed C\$100 million in humanitarian assistance for the people of Iraq. "There will be an immediate allocation of \$20 million to UN humanitarian agencies, the Red Cross and to CARE Canada. This funding will help to ensure that war-affected Iraqis have access to clean water and proper sanitation, food and shelter and primary health care," said Whelan. CIDA will continue to work in cooperation with these organizations to plan and deliver humanitarian support to the Iraqi people, in the most timely and efficient way possible. To date, the Government of Canada has disbursed C\$5.6 million, in response to the UN's Preparedness Measures Appeal of December 2002.

MUST CONTINUE TO DEVELOP A STANDARD FOR GENETICALLY MODIFIED FOOD LABELS SAYS BIOTECH COMMITTEE: In a March 26 news release from the Canadian Biotechnology Advisory Committee (CBAC), Dr. Mary Alton Mackey, co-chair of the Canadian Biotechnology Advisory Committee's Genetically Modified foods sub-committee said that the development of a meaningful and verifiable standard for Genetically Modified (GM) food labels is absolutely fundamental to any labeling system, said Dr. Mary Alton Mackey, co-chair of the Canadian Biotechnology Advisory Committee's Genetically Modified foods sub-committee. CBAC, the expert committee that advises the Government of Canada on biotechnology issues, advised the Canadian House of Commons health committee that voluntary labeling and a "single-window" access to information on genetically modified foods is key to informed consumers choice. "We propose that the federal government ask the Canadian General Standards Board to continue its efforts to arrive at a standard - but that the committee be given a limited timeframe for completion," Mackey said. "If the process is not successful before the imposed deadline the government should then consider alternative approaches to developing the standard.

CBAC is a body of external experts in the fields of science, business, nutrition, law, the environment, philosophy, ethics and public advocacy, established by the Government of Canada to provide public policy advice on a range of biotechnology issues. CBAC reports to the Canadian federal ministers of Health, Agriculture and Agri-Food, Environment, Natural Resources, Fisheries and Oceans, Industry, and International Trade.

SPRING CASH ADVANCE PROGRAM AVAILABLE SAYS CWB: In the latest bulletin from the Canadian Wheat Board (CWB), the CWB notes that it will once again be administering the Spring Cash Advance Program (SCAP) for wheat, durum and barley grown in western Canada. This federal government program begins March 24. SCAP provides farmers with loans to assist in paying for seeding costs. To be eligible, farmers are required to have provincial all-risk crop insurance in place and are issued loans at the following rates: C\$80 per tonne for wheat, C\$90 per tonne for durum and C\$45 per tonne for barley. On a different note, the CWB reported that no CWB sales or shipments have been directly affected by the military action in Iraq, however CWB staff are communicating with customers and monitoring markets.

MOST FARMERS THINK OTTAWA CONTROLS CWB: A March 25 *Western Producer* article reported that only 16% of prairie farmers surveyed by the CWB in 2001 said they believe that farmers, through the board of directors, are in charge. The farmers were asked who they thought made the "major decisions" at the board: 16% said the board of directors, 63% said the federal government and 21% said they didn't know. The 85% of farmers think the federal government controls the board reflects the combined total of those who think that plus those who said they didn't know. The question was part of a broader survey of farmer opinion on a variety of CWB-related issues. The board regularly conducts such surveys. Another question on the survey provided a slightly different take on the issue. Asked "who runs" the CWB, 52% said the board of directors, 29% said the federal government and 19% said they didn't know. CWB chair Ken Ritter said he was surprised by the survey results, but thinks farmers' views have changed since it was conducted in 2001.

CANADIAN CANOLA THREATENED BY FLEA BEETLE: A March 25 *Farms.com* article covering a *Resource News* story said that high flea beetle populations this spring could pose a threat to canola in Western Canada,

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according to an Manitoba agronomist. Resource News reported that the agronomist said growers should take time now to assess the potential for an infestation on their farms.

SECRET GM WHEAT TEST RAISES "CONTAMINATION" FEARS: The March 25 edition of *Good Morning Ontario* covered a CBC News report that the CBC has learned that genetically modified (GM) wheat was grown on the same research farm that produces the basic seed supply for farmers. According to the CBC, there is some concern about possible contamination of the commercial wheat supply. CBC says that three years ago, Agriculture Canada signed an agreement with Monsanto for Government scientists to grow and test GM wheat at seven secret sites. Researchers put a three meter buffer zone between the GM wheat and other crops in an effort to avoid cross contamination, says the CBC report. A year later, a scientist discovered wheat pollen can drift more than three meters and recommended that the buffer be increased. Trish Jordan, a Monsanto spokesperson, says farmers shouldn't worry about contamination. "Based on what those breeders have told us, yes I am certain there was no cross pollination." The Canadian Food Inspection Agency says if farmers have concerns, they can get their wheat tested.

GM WHEAT DID NOT CONTAMINATE CROPS, SAYS AG CANADA: In response to the CBC report on the contamination of Canada's conventional wheat supply by GM wheat, Agriculture Canada spokesman John Tulley said that Canada's conventional wheat supply was not tainted when GM crops were grown on the same government farm as traditional plants. Reports that the crops grew just three meters apart were inaccurate, said Culley. In fact, a 1,500-meter buffer zone and different growing cycles made cross-pollination impossible, he said in an interview. But the GM experiment, funded by multinational biotech giant Monsanto, was still cancelled to avoid seed mix-ups, he explained. Genetically modified crops are still being tested at six other unpublicized government sites - at a safe distance from conventional plants, Culley confirmed.

SWEDEN MIDGE CERTIFICATION FOR GREENHOUSE TRANSPLANTS EXPORTED TO THE U.S. : The Canadian Food Inspection Agency (CFIA) has issued a plant health directive describing the Sweden Midge Certification Program (SMCP). The program outlines the requirements necessary for the export and domestic movement of host plants (greenhouse transplants) of Sweden Midge from regulated areas. Damage from the Sweden midge was originally mistaken for nutritional deficiencies, but was correctly identified in Ontario in 2000. The Sweden midge, is a gall midge native to Eurasia, has recently been confirmed as a pest of plants in Brassicaceae in Ontario (most damage is typically reported on cole crops, such as: broccoli, cauliflower, Brussels sprout, etc.) For shipments of transplant material of regulated commodities to the United States, the CFIA has developed a special "Export Certification Label". The export certification label must be placed on a copy of the commercial invoice or label document listing the plant species contained in the shipment. This label document will be submitted to USDA at the port of entry and replaces the Phytosanitary Certificate normally required for the entry of the plants to the United States. For more information see the following CFIA weblink:
<http://www.inspection.gc.ca/english/plaveg/protect/dir/directe.shtml>

CFIA REVISES DIRECTIVE ON IMPORT REGULATIONS FOR HAY AND STRAW:

CFIA Directive D-02-09 "Hay and Straw - Import and Domestic Movement Requirements to Prevent the Introduction and Spread of Cereal Leaf Beetle (*Oulema melanopus*)" has been revised. The directive has been amended to: (1) Deregulate hay and straw of species which are non-hosts of cereal leaf beetle. Hay or straw derived from non-host species, containing less than five percent of material of host species, shall be exempt from import and domestic movement requirements for control of cereal leaf beetle; and (2) Provide more options for certification for freedom from cereal leaf beetle for hay and straw of regulated host species, and mixtures with five percent or more of regulated host species. These options include: (i) fumigation with phosphine gas; (ii) storage of baled hay and straw in a manner to keep it dry for a period of at least 90 days between baling and shipping of the hay or straw; or (iii) Compressing the hay or straw at a pressure equal or greater than 105 kg/cm². The revised directive is available on the CFIA website at: <http://www.inspection.gc.ca/english/plaveg/protect/dir/d-02-09e.shtml>

HORSE OWNERS ADVISED TO VACCINATE AGAINST WEST NILE VIRUS: The Ontario government is encouraging all Ontario horse owners to have their animals vaccinated against West Nile Virus (WNV). The West Nile Virus is a mosquito-borne virus that can cause inflammation of the central nervous system. Symptoms of the disease in horses include listlessness, trembling, loss of appetite and co-ordination, and partial paralysis. A WNV vaccine, available through veterinarians, has been fully licensed in Canada and the United States for use in horses. Ontario is home to an estimated 300,000 horses. WNV first appeared in North America on the east coast in 1999 and has since moved progressively further north, south and west. The first case of WNV infection in an Ontario horse was confirmed last

BRITISH COLUMBIA MINISTRY OF FORESTS INTRODUCES COMPREHENSIVE FORESTRY REVITALIZATION PLAN: British Columbia Forests Minister Michael de Jong announced on March 26 that the province is introducing a new forestry revitalization plan that will open up new opportunities for British Columbians. To achieve this, the B.C. government will reallocate 20% of logging rights from major licensees, resulting in up to 45% of the province's total harvest will eventually be available through the open market. One-time funding of C\$275 million has been set aside for the transition from the old to the new, stronger forest economy. Forest companies will be fairly compensated for the legal harvesting rights removed from their allowable annual cuts; C\$200 million has been allocated for this purpose. Forest workers and contractors will have access to a C\$75-million trust fund for transition assistance. Barriers to regional job creation will be removed by allowing the province's 600 mills to obtain B.C. timber no matter where it was logged. In addition, the B.C. government will also: (1) Adjust cut control regulations so companies can decide when to log, based on market conditions, without being penalized for not cutting wood. (2) Provide a new timber pricing system reflecting fair value for the use of B.C. public forests. To open up markets for B.C. forest products, the plan will focus on diversifying the province's forest industry to be globally competitive, selling products to new markets, and marketing B.C. forestry practices to the world. B.C. is applying one percent of all direct forest revenues to the global marketing of B.C.'s forest practices and products with the aim of opening up new markets in China and Japan. For additional information, see:
http://www2.news.gov.bc.ca/nrm_news_releases/2003FOR0017-000290.htm
<http://www.for.gov.bc.ca/mof/plan/>

Did You Know ...that Canada's population reached an estimated 31.5 million on January 1, 2003? Ontario is the most populous province with 12.1 million, or 38.4% of total. Quebec was second with 7.5 million (23.8% of total). In recent years, Alberta, Ontario and British Columbia have registered the largest population growth rates. (Based on Statistics Canada data).

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